



STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

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June 18, 1999

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Federal Communications Commission
Office of Secretary

CC: 96-45

Valerie Yates
Common Carrier Bureau
Office of the Bureau Chief
FCC
445 12th St. SW
Washington, D.C. 20554

Dear Ms. Yates:

As we discussed by telephone, enclosed is some information regarding a petition that the Minnesota Public Utilities Commission is currently processing from Minnesota residents living in an area that is not a part of any local exchange company's assigned service area. While having the status of "unassigned territory", the residents of this particular area are somewhat unique in Minnesota in that GTE (and previously Continental Telephone Company) has been providing radiotelephone service to the area since the 1960s. That radiotelephone service (the IMM Ultraphone) is becoming more and more inadequate and, in fact, GTE is no longer offering it to new subscribers because the manufacturer has discontinued making the equipment. Current subscribers are concerned that if their equipment breaks, replacement parts will soon be unavailable.

The Minnesota PUC is expected to meet on the pending petition on July 13, 1999. If the Minnesota Commission is able to resolve the request for service in this particular area, the unserved area problem will still exist in Minnesota. There are portions of six counties in northern Minnesota that still contain unserved areas, or what we refer to as unassigned territory. For this reason, the Minnesota Commission is very much interested in any efforts the FCC takes to address this issue.

In researching the issue of unassigned territory, I did come across some newspaper articles of similar situations in other states. I am enclosing copies in the event that you have not been made aware of these situations.

If you have any questions, please contact me at 651/296-6068 or via email at diane@pucgate.puc.state.mn.us.

Sincerely,

Diane Wells

Diane Wells
Telecommunications Analyst

Enclosures

No. of Copies rec'd 0+1
List A B C D E

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
LeRoy Koppendrayner
Gregory Scott

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Assignment of
an Eligible Telecommunications Carrier to
Provide Service in Unassigned Territory in
Northern Minnesota

ISSUE DATE: December 7, 1998

DOCKET NO. P-999/CP-98-1193

ORDER INITIATING AN INVESTIGATION

PROCEDURAL HISTORY

On August 14, 1998, the Commission received signed petition forms from 46 residences in northern Minnesota requesting the installation of telephone service. The residences are currently in unassigned territory.¹ The petition forms requested single party service with the Ely exchange, at the same installation and monthly rates paid by current Ely subscribers. The petition also requested access to 911, directory assistance, long distance and operator services; and access to advanced telecommunications services sufficient for Internet and facsimile usage.

On September 1, 1998, the petition's sponsor, Ron Brodigan, resubmitted the petition forms with a detailed cover letter. In that letter, Mr. Brodigan explained that the residents are requesting that the Commission designate an Eligible Telecommunications Carrier (ETC) to provide service in the petitioning area at rates consistent with the rates paid by subscribers in the Ely exchange.² The petitioning area includes western Stony River Township and the North Arm of Burntside Lake. The petitioners requested an expedited proceeding for the processing of their petition.

On September 15, 1998, the Commission issued a notice soliciting comments and reply comments on the petition. The Commission indicated a special interest in comments addressing the Commission's obligations under the Telecommunications Act of 1996 (the Act) and State law. Any local service providers submitting comments were also asked to address whether they had any interest in providing basic local service to the petitioning area.

On October 9, 1998, GTE-Minnesota, the Residential and Small Business Utilities Division of the Office of the Attorney General (RUD-OAG), and the Minnesota Department of Public Service (the Department) filed comments. On the key issues before the Commission at this time, the positions taken by the commenting parties were as follows:

¹ Unassigned territory is that area within Minnesota that is not included within the exchange boundaries of any existing telephone company. As such, persons residing within unassigned territory do not have available wireline telephone service at tariffed rates.

² The petitioners did not specifically request that the Commission name GTE-Minnesota to serve as the ETC.

- GTE-Minnesota denied that the Commission had authority, under state or federal law, to require GTE or any other carrier to serve as the ETC for the area in question. GTE-Minnesota also argued that both state and federal law unequivocally preclude the Commission from directing a carrier to serve the unassigned territory before explicit, specific, predictable and sufficient cost recovery can be achieved through an established universal service fund.
- The RUD-OAG stated that the Commission has been given broad authority to adopt rules to supersede existing statutes (such as Minn. Stat. § 237.16, subd. 6) and has done so in Minn. Rules, Part 7812.1400, subp. 13 which, according to the RUD-OAG, gives the Commission permissive authority to designate an ETC to provide service in the area in question. The RUD-OAG argued, however, that since no support mechanism exists which is different than previous high-cost support mechanisms, the Commission could determine it is premature to order the investment at this time. Alternatively, the RUD-OAG suggested that the Commission could proceed to seek information on how the costs of serving would be determined and how the provider should be paid to see if there is a more attractive result than the status quo.
- The Department argued that the Commission has the authority under federal law to designate an ETC for unserved areas that request service and authority under state law (Minn. Stat. 237.081) to conduct an investigation into the adequacy and availability of telephone service and resolve inadequate service issues. However, the Department questioned the propriety of the Commission designating a company as an ETC before the universal service funding mechanisms are in place and recommended that the Commission order an investigation into the adequacy and availability of telephone services in the petitioning area. Finally, the Department recommended that the Universal Service Rulemaking Task Force be directed to consider developing rules for designating ETCs for unserved areas.

On October 30, 1998, GTE and the petition sponsor filed reply comments.

On November 13, 1998, the Department submitted additional information on the specific locations and services desired by the individual petitioners.

In addition, letters have also been received from two potential subscribers requesting telephone service. One of those potential subscribers signed the petition; the other has recently acquired property in the area.

The Commission met on December 1, 1998 to consider this matter.

FINDINGS AND CONCLUSIONS

I. THE PETITION

Petitioners reside either in western Stony River Township or along the North Arm of Burntside Lake. The unassigned territory in western Stony River Township lies to the west of GTE's

Isabella exchange and to the southeast of GTE's Ely exchange. The unassigned territory along the North Arm of Burnside is northwest of GTE's Ely exchange. Although one cellular provider serves some customers in the petitioning area and GTE-Minnesota has provided tariffed radio telephone service to customers in the petitioning area, the area is not currently assigned to any telecommunications provider.

The petitioners requested that the Commission 1) open expedited proceedings to investigate their petition and 2) order a local service provider to provide service to the unassigned area at a rate consistent with what Ely exchange customers currently pay.

In support of their petition, the petitioners argued

- that the area in question is an unserved area under Section 254 (c) of the Federal Telecommunications Act of 1996 and that the Commission should, pursuant to that provision, determine which common carrier or carriers should provide local telecommunications service to the area and order such carrier(s) to provide the requested service;
- that the cited federal statute also requires that consumers in rural, insular and high-cost areas must be provided with telecommunications and information services that are 1) reasonably comparable to those services provided in urban areas and 2) offered at rates reasonably comparable to rates charged for similar services in urban areas; and
- finally, that GTE's radiophone service to the area in question violates the Company's duty under Minn. Stat. § 237.06 1) to furnish reasonably adequate service and facilities (as defined in Minn. Rules, Part 7812.0600) and 2) to do so at fair and reasonable rates.

In their reply comments, the petitioners recognized the complexity of their request and asked for the Commission's help.

II. COMMISSION ANALYSIS

It is clear that the petitioners are experiencing a level of services and rates that are markedly different from those offered to GTE-Minnesota's subscribers in the neighboring Ely exchange. The record established by the petitioners soundly demonstrates this.

- GTE provides radio telephone service to a portion of the petitioners, but that service is of lower quality because repair parts are not available for its IMM Ultraphones and because the phones cannot be upgraded beyond 2400 bps.
- GTE's radio telephone service is also prone to outages, often of several days.
- Some customers are served by cellular telephone service, but that coverage is incomplete.
- Neither cellular service or radio service provides enhanced 911.

- The monthly price for radio telephone service is \$74.35/mo. with an installation fee of \$500. The per minute charge for cellular service is 11 cents in addition to other charges for cellular service. The GTE quote for installation of wireline service was \$485,000. In sharp contrast, rates and installation charges paid by subscribers in GTE's Ely exchange are \$18.05/mo. for residential, \$35.00/mo. for business, and \$42 for installation.

The Commission's support for the public policy of favoring universal service inclines it to favor the petitioners' request or to at least do something to help them achieve better service at lower cost.

However, the record does not contain definitive information on the exact costs to serve the territory in question. In addition, questions regarding the Commission's authority to require any telephone company (GTE or otherwise) to serve the unassigned territory are unresolved at this point. Further, even if we were to assume the Commission's authority to so act, the question would remain whether it is appropriate to do so before the universal service funding mechanisms envisioned by the Act are in place to spread a major portion of the costs involved in providing the requested service throughout the telecommunications network. Moreover, the Commission is aware that while this particular petition most proximately involves a relatively few persons (58 petitioners), the ramifications of the Commission's decision are likely to be much more far-reaching.

In these circumstances, further development of these issues is warranted and additional consideration by the Commission is in order.

III. COMMISSION ACTION

Accordingly, the Commission will invoke its authority under Minn. Stat. § 237.081, subd. 1 and commence an investigation into this matter to prepare the record to make the best possible decision from a factual, legal, and policy perspective. The investigation will proceed as described in the Ordering Paragraphs below.

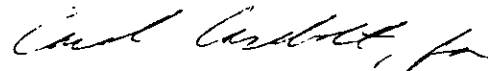
In addition, recognizing the scope of the issues raised in this petition, the Commission will involve the Universal Service Rulemaking Task Force and direct it to develop provisions in the draft Universal Service rule on the subject of designating an ETC for unassigned service territory.

ORDER

1. The Commission hereby initiates an investigation under Minn. Stat. § 237.081, subd. 1 into the adequacy or availability of telephone service in the area in question and to determine the appropriateness of designating an Eligible Telecommunications Carrier (ETC) for the area.
2. Elements of this investigation will include:
 - GTE, as the provider of the closest facilities, shall submit its costs to provide local service to the petitioning area within 60 days of this Order;

- other local service providers interested in serving the area are encouraged to submit their cost proposals also within 60 days of this Order;
 - within 100 days of the submission of these cost studies, any interested party may file comments;
 - Commission staff will investigate all possible funding sources, including
 - a) the existing universal service funding available;
 - b) any other funding the federal government might make available to support the mandate in the Telecommunications Act of 1996, Sec. 254(b)(2) and (3) that all regions of the nation (including rural and high cost areas) should have access to advanced telecommunications services; and
 - c) any funding that might become available under a state universal service fund; and
3. The Universal Service Rulemaking Task Force in Docket No. P-999/R-97-609 shall include provisions in the draft rule regarding the designation of an ETC for unassigned service territory.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary

(S E A L)

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STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

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June 10, 1999

NEW
AREA CODE
651
1st of July 1998

TO: Interested Parties
Docket No. P-999/CP-98-1193
In the Matter of a Petition for Assignment of an Eligible Telecommunications
Carrier to Provide Service in Unassigned Territory in Northern Minnesota

FROM: Burl W. Haar
Executive Secretary

SUBJECT: Notice of Commission Intent to Visit the Unassigned Territory Near Ely and
Planned Itinerary for the Visit

Background

On August 14, 1998, the Commission received signed petition forms from 46 residences in northern Minnesota requesting the installation of telephone service. The residences are currently in unassigned territory. The petitions forms requested single party service with the Ely exchange, at the same installation and monthly rates paid by current Ely subscribers.

On December 7, 1998, the Commission issued an Order Initiating An Investigation. In that Order, the Commission directed GTE, the incumbent local exchange carrier (LEC) with the closest facilities, and any other interested service provider, to submit cost studies for providing service to the petitioning area.

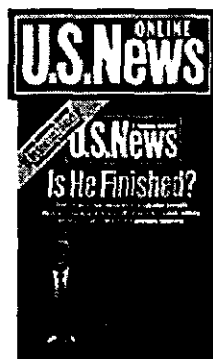
On March 5, 1999, GTE filed a cost study to provide service to the petitioning area. No other service provider submitted a cost study. On May 17, 1999, the Department of Public Service submitted its comments on the GTE cost study.

Notice

Representatives of the Commission (including one or two Commissioners and a Commission staffperson) will be visiting the unassigned territory on June 15 and 16, 1999 at the invitation of the petition sponsor. Parties may participate in this visit. The following itinerary has been developed for the visit:

Tuesday, June 15, 1999

11:00 a.m. Meet at Great Lakes School. Look at existing GTE Ultralink service and cell phone Internet apparatus.



Business & Technology

A really big disconnect

You call this reform? Try getting a phone line in the sticks

Solve phone frustration with these helpful consumer links.

BY FRED VOGELSTEIN

The view from the porch of Don and Wanda Womack's home outside of Scottsdale, Ariz., is one of the prettiest in America--a limitless expanse of desert wilderness abutting a mountain range of 7,000-foot peaks. But most days they hardly notice it. The sight of the telephone poles in front of their neighbors' yards makes them too angry to think about much else.

To the Womacks, the poles are a constant reminder of what's missing in their otherwise happy lives--telephones. Since building and moving into their dream home nearly two years ago, they haven't been able to get phone service. The local phone company, U S West, says it doesn't have to serve them--and doesn't want to. Too expensive, company officials say. So the couple, who run a construction business out of their home, have been stuck in a kind of telecommunications twilight zone, making do with cell phones that work about 75 percent of the time--and produce annual bills in excess of \$10,000. "They [U S West] actually told me they 'don't desire to serve us,' " Wanda Womack says. "I mean, who ever heard of not being able to get a phone?"

Reach out and maul. Billed as the law that would revolutionize communications in America, the 1996 Telecommunications Act was supposed to bring lower rates and better service. But prices have not fallen, service has not improved, and, as the predicament of the Womacks illustrates, it has become more difficult for some Americans in parts of the rural West to get connected at all.

When the act passed two years ago, one of its central themes was to enhance, not erode, the nation's decades-old commitment to "universal service"--which holds that everyone should be able to get affordable phone service. As a result of this commitment, there are telephones in some of the most remote spots in the country--in the bottom of the Grand Canyon, at the top of Aspen Mountain, and at truck stops throughout the Mojave Desert, for example.

Yet a study by state utility regulators last summer revealed that there are some 5,000 involuntarily phoneless souls like the Womacks in Arizona alone. Though no overall national figures exist, interviews with phone companies big and small, as well as with consultants, regulators, and other government officials, suggest there are thousands of other Americans in mostly rural areas who cannot get phone service.

What went wrong? In short, the new law threw an old system into limbo without replacing it. Before the Telecom Act, an elaborate subsidy system

put billions of dollars of extra cash into the hands of the Baby Bells and GTE to encourage them to offer affordable rural service. Part of that cash came from major long-distance companies like AT&T, which paid local companies 40 cents of every dollar of revenue in access charges. Much of the rest came from business customers and city dwellers, who paid a premium for their phone services and therefore helped subsidize services for rural inhabitants. The result was that big, local phone companies usually had plenty of money to hook up expensive rural areas at affordable rates.

Rural friends. Sometimes the big companies balked, saying that serving a particularly remote area was just too expensive. When that happened, customers would turn to one of the nation's 1,400 small, local phone companies. These outfits, some with no more than a few hundred customers, had access to low-interest loans from the government's Rural Utilities Service. Money from a separate \$2 billion federal subsidy pot helped them pay the loans back over time. With this setup, they could offer service in places the giants wouldn't tread. In doing so, small phone companies have been the rural dweller's best friend for generations, and now serve some 15 percent of the U.S. population.

The ultimate hope was that within a year of the Telecom Act's passage, competition among long-distance providers and local monopolies would produce cheaper phone services for almost everyone. To ensure universal service, the act also called for a new, more efficient subsidy system. But implementation of the law has been slowed by an incredible legal battle among phone companies over whether long-distance or regional markets should be opened up first. The issue has become so knotted that the U.S. Supreme Court is deciding whether to hear the case. Meanwhile, the Federal Communications Commission, charged with developing the new subsidy system, is more than a year behind schedule. Worse, it has hinted that it plans to radically change the way subsidies are awarded, but it has yet to spell out how.

Because of all this confusion, regional Bells and GTE appear to be concentrating on serving business customers and other profitable urban niches like cellular service, de-emphasizing rural service. With competition from AT&T, Sprint, and MCI on the horizon, U S West spokesman James Roof asks: "Why should we be spending money in expensive rural areas if we need to upgrade our network in the cities to compete with competitors?"

At the same time, small, rural phone companies have cut back borrowing for new network construction and upgrades by 35 percent. "There's too much uncertainty for these companies to take the borrowing risk," says Bob Petranek, an RUS field officer outside Portland, Ore. "Some people who have gotten loans aren't even spending the money. The bureaucrats in Washington really have no idea what's going on out here," he adds.

The companies that specialize in rural service don't know if the subsidies under any new system will be big enough to pay back the money they borrow today. That's crucial since these companies often borrow money for 10 years and more. "For the rural areas, the Telecom Act is a total disaster," says Rodney Huff, president of tiny Pine Telephone, which serves some 750 customers in and around Halfway in eastern Oregon. He

said he has already spent three years and \$220,000 trying to find a way to get phone lines to the 100 people clamoring for service in Granite, some 90 miles away. But no one will promise him he'll get enough in subsidies to repay the \$1 million loan he'd need to do the work.

Why is it taking the FCC so long? The agency says it is trying to develop a program that responds to thousands of variables. It's a mind-numbingly complex task. The goal is to ensure that everyone who wants a phone line gets one but, at the same time, to create a flexible system that rewards companies for pursuing new technologies and penalizes those that stick to old, costly methods.

Enter politics. The FCC also must move cautiously because the size of the federal subsidy program has become politically controversial. There's even a dispute over how big the old subsidy program was (estimates range from \$6 billion to more than \$20 billion). In any event, rural companies and states are pressing for a bigger percentage of any new subsidy pot, saying they'll need it to survive in a hypercompetitive telecom era. Powerful rural senators like Byron Dorgan of North Dakota, a member of the subcommittee responsible for universal service oversight, have made it clear to FCC officials that they want more funds for the little guys.

But there also is political pressure from urban states to limit the size of the pot. Politicians like John Kerry, the Democratic senator from Massachusetts, complain that it is unfair that folks in Boston and New York pay additional subsidies so that citizens in the West can continue to enjoy cheap, basic phone rates.

The debate is certain to intensify this year. The battle over FCC's decision on the size and structure of the subsidy fund "will make the current fight over the local companies' entry into long distance look like a sideshow," says former FCC Chairman Reed Hundt. The Womacks of Arizona can only hope the combatants make up their minds soon.

Issue Date: February 2, 1998

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Where Silver Tinkles No More, Phone Has Yet To

By TINA KELLEY

SILVERTON, Wash., — At the turn of the last century, this mountain town had 300 residents, six hotels, five saloons, four general stores, a newspaper, its own band and a small local phone company. But as silver mining claims became unprofitable, the town lost most of those amenities, including phones.

Now Silverton is year-round home to about 20 people, some defectors from the city, others who have lived in the area for decades. They enjoy king up to the solace-giving thrills of the varied thrush and the raucous chatter of Steller's jays.

But they never wake up to the ringing of a telephone.

In a state where technology-based industries are responsible for more than a third of total employment, nowhere east of the bridge over Lake 22 can you get a dial tone. Silver-

ton residents with cellular phones have to drive 15 miles toward Seattle for the nearest signal. And satellite phones are prohibitively expensive.

There are parts of the highway cut off so deeply between the mountains that even the ambulances lose radio contact and cannot call for helicopters or other backup, said Mike Henry, a local fire commissioner and owner of Mountain View Inn, about 11 miles west of Silverton. The inn's pay phones, the closest to Silverton, are often too jammed with coins to work.

For the last seven decades, Federal law has called for universal telephone service, even in places like Silverton, 65 miles northeast of Seattle, that do not fall in any company's area of responsibility. In past years, the nearest phone company would have been required to install lines out to Silverton and could have recouped the cost by raising service charges in urban areas that are easier to serve.

But since 1994, when phone companies in Washington were deregulated and their monopolies ended, GTE, the closest phone company that could serve Silverton, has had no incentive to lay phone lines to serve so few new customers. The company says it would cost \$750,000 to extend its landlines to Silverton, which would mean a charge of \$19,000 per household for one service.

Fifty Silvertonians, including sea-



Timothy Klein for The New York Times

Nestled amid the peaks of the Cascade Range, Silverton, Wash., is an anomaly in today's wired world: a town without telephone service.

Personal residents, met recently with a representative of the Washington Utilities and Transportation Commission about their concerns, but no easy answer is in sight. This month, the State Legislature failed to pass a bill that would have established a fund to provide service to remote areas.

Bob Shirley, a telecommunications analyst with the commission, has been trying to find companies to serve Silverton, but in Washington's \$3.67 billion telephone market, no company has the incentive.

"Those are a small number of folks, they're going to be very high-cost to serve, and they're not likely to spend all day talking to Australia," he said. He estimated that there were 300 households in the state that could not get phone service.

U.S. Cellular, a company that provides mobile cell phone service, had been interested in Silverton's business, until it recently found that providing service was not feasible, Mr. Shirley said. He plans to talk with several other wireless companies.

In emergencies, Silverton resi-

dents rely on a police radio, kept at Denny and Diane Boyd's house, to reach the Sheriff's Office. But if the couple is not home, or if the radio breaks or cannot get a signal, there is no way to get help short of driving to a ranger station near the inn.

Each year, mostly in the summer, 125,000 cars drive the Mountain Loop Highway, a Federal scenic byway, to enjoy its many hiking trails and the fishing and camping along the Stillaguamish River. Too often, they neglect the sheriff's radio.

"If we're gone, everyone else is out of luck," Ms. Boyd said. The Boyds have had to answer their door at all hours, to cold, frightened or drunken strangers whose cars were not equipped for mountain roads. Or a group of bedraggled travelers ended up soaking their shirts in motor oil and using them as torches to find their way out of the woods.

"People don't realize how dark it gets here," Mr. Boyd said.

Norm Frampton, 44, who retired from Silverton from a pharmaceutical company in Seattle, paid cash for his house and now spends his days volunteering and working in his garden. He says he pays about \$200 a month making calls from pay phones and his cellular phone.

A few driveways west, Jeffrey and Diane I. Dukes were just getting back from Seattle. It was Tuesday, their day to check E-mail. At his office, "my computer had its own telephone line," he said. He gets by without a phone now, but his wife misses one.

"That question keeps coming up when you go to write a check," she said. She has to explain to shop clerks that she has no phone number to write down for them.

Mr. Dukes, dressed in plaid pajamas and a hooded green bathrobe, complained that he lost several thousand dollars when one of his stock took a nose dive and he did not know about it.

Of course, being off the grid is a selling point for some people. On a nearby house, advertised for sale as a "Self-Contained Y2K Retreat," offers propane appliances and both bathroom and outhouse, for \$89,000.

But the current residents are not ready to give up their fight for phone service. "If Bill Gates wants even one in the world to be on line, Silverton should at least be able to call 911," Mr. Boyd said.

P407/EM-98-1193

Snowshoe Country Lodge
1350 Snowshoe Trail, Sand Lake
Isabella, MN 55607

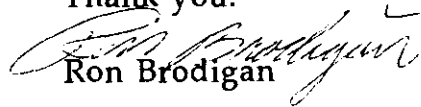
August 27, 1998

Mr. Burl Haar, Executive Secretary
Minnesota Public Utilities Commission
121 East 7th Place, Suite 350
St. Paul, MN 55101-2147

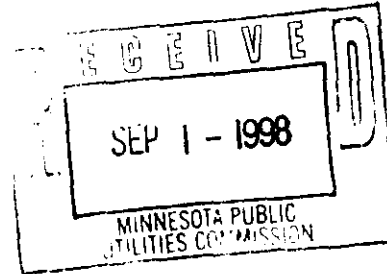
Dear Mr. Haar:

Enclosed is our formal petition for telephone service to the Public Utilities Commission, along with 46 supporting signatures.

Thank you.


Ron Brodigan

(2)



Comm.
Dennis
Carol
Cathy
Diane

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
LeRoy Koppendrayner
Gregory Scott

Chair
Commissioner
Commissioner
Commissioner
Commissioner

**PETITION FOR EXPEDITED PROCEEDING TO ASSIGN AN ELIGIBLE
TELECOMMUNICATIONS CARRIER TO PROVIDE TELEPHONE SERVICE IN
UNSERVED TERRITORY**

I. INTRODUCTION

We are residents of the Ely, Minnesota, territory which has never been officially assigned to a local telephone service provider. We request that the Minnesota Public Utilities Commission designate an Eligible Telecommunications Carrier to provide telephone service in the Petition Area. For the purpose of this petition, the Petition Area includes western Stony River Township and the North Arm of Burntside Lake. Some residents of this territory have no telecommunication service available to them at all. For those who do have some level of telecommunication service, it is inadequate and not affordable. We seek the same level of service enjoyed by others in our area and offer the following as cause for this petition.

II. THE PETITION AREA IS AN UNSERVED AREA UNDER FEDERAL LAW

1. The Telecommunications Act of 1996 states: "Consumers in all regions of the Nation, including low-income consumers and

those in rural, insular and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services..." This same Act states, with regard to "Designation of Eligible Telecommunications Carriers for Unserved Areas — If no common carrier will provide the services that are supported by Federal Universal Service support mechanisms under section 254 (c) to an unserved community or any portion thereof that requests such service, the FCC with respect to interstate services, or a State commission, with respect to intrastate services, shall determine which common carrier or carriers are best able to provide such service to the requesting unserved community or portion thereof and shall order such carrier or carriers to provide such service for that unserved community or portion thereof."

2. GTE has refused to extend radio telephone service to new customers.

3. Since the serving area boundaries were first established in 1960, we are not aware of any local telephone service provider who has sought Commission approval to serve our area and build the necessary communication facilities.

4. Cellular is not universally available in this area.

5. GTE currently has on file with the Commission a tariff to provide radio telephone service to customers in the Petition Area. GTE has, in fact, provided this service since the mid-1960's. However, as discussed below, we do not believe the radio phone service is adequate.

III. ADEQUACY OF SERVICE

1. Minnesota Statutes 237.06, Reasonable Rates and Service, states: "It shall be the duty of every telephone company to furnish reasonably adequate service and facilities for the accommodation of the public, and its rates, tolls, and charges shall be fair and reasonable for the intrastate use thereof."

2. Minnesota Rules 7812.0600, defines Basic Service Requirements which should serve as a benchmark for "adequate service."

3. A number of customers in the petition area are served by GTE with obsolete IMM Ultraphones for which repair parts are no longer available and upgrades beyond 2400 bps are impossible. These phones are limited in their range, more prone to outages than wire line facilities, and are regularly adversely affected by weather conditions such as extreme cold and the freezing and thawing of area lakes. Out-of-service time is often at least several days.

4. Some customers in the petition area are served by one cellular provider. However, coverage of Lake County, for instance, is incomplete, and no additional towers are planned. Furthermore, these customers must contend with the many disadvantages of cellular service, as well as the serious problems of such service including security and privacy.

5. Neither radio nor cellular service provides the full extent of public safety benefits associated with 911. Enhanced 911 is not available to customers with these telephones.

IV. AFFORDABILITY OF SERVICE:

1. The Telecommunications Act of 1996 states: "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas."

2. Current GTE radio telephone service costs \$74.35 plus taxes per month plus \$500.00 for installation of GTE-owned equipment. Ely area GTE customers pay \$18.05 plus taxes for residential land-line service with a \$42.00 installation fee, and \$35.00 monthly for business service.

3. In addition to regular service costs, cellular customers in western Stony River Township have been charged \$0.11 per minute for calls in which the Isabella tower was utilized in the connection of service.

4. GTE has previously been requested to quote construction charges for wire line service. These quotes were based on a broad gauge price of \$2.50 per cable foot and resulted in a total cost of \$485,000.00 to be paid by those requesting service. Such costs are considered excessive and beyond the interest of these customers to pay.

V. REQUESTED ACTION

In view of the above, we ask the Minnesota Public Utilities Commission to:

1. open expedited proceedings to investigate our petition.
2. order a local service provider to extend service to those desiring telephone service in western Stony River Township and the North Arm of Burntside Lake surrounding the community of Ely, Minnesota, and at a fair rate consistent with that paid by Ely customers presently.

Respectfully submitted, August 27, 1998

46 signed petitions are enclosed with this document.

cc: Service list attached.

cc:

Linda Chavez
Minnesota Public Utilities Commission
121 7th Place E., Suite 350
St. Paul, MN 55101

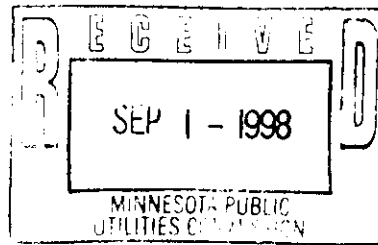
Minnesota Department of Public Service
121 7th Place E., Suite 200
St. Paul, MN 55101

Garth Morrisette
Minnesota Attorney General's Office
445 Minnesota St., Suite 1200
St. Paul, MN 55101

Robert Cook, State Manager-Regulatory & Tariffs
GTE
444 Cedar St., Ste 1018
St. Paul, MN 55101

Lake County Board of Commissioners
Lake County Courthouse
Two Harbors, MN 55616

St. Louis County Board of Commissioners
St. Louis County Courthouse, Room 208
100 N. 5th Ave. W.
Duluth, MN 55802



PETITION

As stated in the Federal Telecommunications Act of 1996 (47 U.S.C., Sec. 254(b) (3), "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas."

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3. Access to directory assistance, long-distance, and operator services.
4. Access to advanced telecommunications services, with baud rates sufficient for internet and facsimile usage.

Signed E. Laine, Jr. Address or location for phone _____

Address 2251 North 1st St. Ely Same

Town Ely State MN Zip 55731

PETITION

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Signed Theresa R. Bengtson Address or location for phone _____

Address 3552 No Arm Road SAME

Town Ely State MN Zip 55731

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Signed Gordon R. Pope Address or location for phone _____
Address 300 S. 1st St. Ely same
Town Ely State MN Zip 55731

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Signed [Signature] Address or location for phone [Signature]

Address [Signature]

Town [Signature] State Min Zip 55725

PETITION

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Signed

Steven N. Bullen

Address or location for phone

Address

1666 Caffrey St

3556 North Arm Rd

Town

St Paul

State

MN

Zip

55731

Ely, MN 55731-8434

PETITION

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Signed <u>Judith Brockington</u>	Address or location for phone
Address <u>1117 Foothill Rd.</u>	<u>FIRE # 3544</u>
Town <u>Moscow</u> State <u>ID</u> Zip <u>83843</u>	<u>North Arm Rd</u>
	<u>Burntside LAKE</u>
	<u>Ely</u>

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Signed Delmar L. Connor 3550 North Arm Rd.
Arthur C. Connor M.D. Address or location for phone
Address 3550 N. ARM RD. 3550 N. ARM RD.
Town ELY State MIN. Zip 55731 ELY MIN 55731

PETITION

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Signed Robert E. Hansen Address or location for phone _____
Address 3325 LINDSKOG RD. 3325 LINDSKOG RD
Town ELY State MN Zip 55931 ELY, MN

PETITION

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Signed <u>Ante Pershern</u>	Address or location for phone
Address <u>16053 390th St.</u>	<u>3514 North Arm Rd</u>
Town <u>Menominee</u> State <u>WI</u> Zip <u>54751</u>	<u>Ely, Min 55731</u>

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Signed Ernie Lindskog Address or location for phone

Address 1835 Kenwood pkwy, 3376 N. Arm Rd. } quigley
Town Mpls. State Mn. Zip 55405 Ely, Mn. 55731 } Quigley

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Signed [Signature] Address or location for phone _____

Address 3716 N. Arm Rd. [Signature]

Town Ely State Mn Zip 55731

[Signature]
Roch Robie

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Signed W. Thompson
G. YAKA Camp Wagon
Address 3722 North Arm Road

Address or location for phone

same

Town Ely State MN Zip 55731

with this service we may expand to 10 phones lines.

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Signed JOHN GATERUD Cindi Gaterud Address or location for phone
Address 34402 15th St. Cindi Gaterud LANDOWNER — BEETLE-GAWDER
LAKE,
Town SAVESALLE State MN Zip 56048 STONY RIVER TOWNSHIP,
ISABELLA, MN.